

## HOUSE BILL NO. 130

INTRODUCED BY B. OLSON

A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING TO 3 YEARS THE LENGTH OF TIME THAT A RETIRED TEACHER MAY BE REEMPLOYED PART-TIME; AND AMENDING SECTION 19-20-804, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 19-20-804, MCA, is amended to read:

**"19-20-804. (Temporary) Allowance for service retirement.** (1) Except as provided in 19-20-806, upon termination, a member who has attained normal retirement age must receive a retirement allowance equal to one-sixtieth of the member's average final compensation, as limited by 19-20-715, multiplied by the sum of the number of years of creditable service and service transferred under 19-20-409.

(2) Except as provided in subsection (4), a retired member may be employed part-time for a period not to exceed 3 years in a position specified in 19-20-302 and may earn, without loss of retirement benefits, an amount not to exceed the greater of:

(a) one-third of the sum of the member's average final compensation; or

(b) one-third of the median of the average final compensation for members retired during the preceding fiscal year as determined by the retirement board.

(3) Each year on July 1 following the member's retirement effective date, the maximum earning amount allowed under subsection (2)(a) is increased by an amount equal to the consumer price index increase for urban wage earners compiled by the bureau of labor statistics of the United States department of labor or its successor agency in the preceding year.

(4) (a) Except as provided in 19-20-806 and subsection (5) of this section, the retirement benefit of a retired member employed in a full-time position or earning more than allowed by subsection (2) must be canceled beginning in the month in which the retired member returns to full-time employment or earns more than allowed.

(b) The retirement benefits of a retired member who was employed in a full-time position or who exceeded the amount that the retired member was eligible to earn under subsection (2) and who was reemployed for less than 1 year must, upon termination of employment, be reinstated beginning in the later of

1 either the month following termination or July 1 of the school year following the date on which the retired member  
2 was reemployed. The reinstated retirement benefit is the amount that the retired member would have been  
3 entitled to receive had the retired member not returned to employment.

4 (c) Upon retirement after cancellation of a retired member's benefit pursuant to subsection (4)(a), a  
5 retired member who is reemployed as an active member for a minimum of 1 year of full-time service must  
6 receive a recalculated benefit. The recalculated benefit is based on the service credit accumulated at the time  
7 of the member's previous retirement plus any service credit accumulated subsequent to reemployment.

8 (d) A retired member elected to the office of county superintendent or appointed to complete the term  
9 of an elected county superintendent and who elects, pursuant to 19-20-302(2), to not become an active member  
10 is exempt from the employment and earnings limits specified in subsection (2).

11 (5) If an early-retired member under 19-20-802 is reemployed with the same employer within 30 days  
12 from the member's effective date of retirement or if the early-retired member is guaranteed reemployment with  
13 the same employer, the member must be considered to have continued in the status of an active member and  
14 not to have separated from service. Any retirement allowance payments received by the member must be repaid  
15 to the system, together with interest, at the actuarially assumed rate, and the retirement allowance must be  
16 terminated. (Terminates July 1, 2006--sec. 6, Ch. 120, L. 2003.)

17 **19-20-804. (Effective July 1, 2006) Allowance for service retirement.** (1) Upon termination, a  
18 member who has attained normal retirement age must receive a retirement allowance equal to one-sixtieth of  
19 the member's average final compensation, as limited by 19-20-715, multiplied by the sum of the number of years  
20 of creditable service and service transferred under 19-20-409.

21 (2) Except as provided in subsection (4), a retired member may be employed part-time for a period not  
22 to exceed 3 years in a position specified in 19-20-302 and may earn, without loss of retirement benefits, an  
23 amount not to exceed the greater of:

24 (a) one-third of the sum of the member's average final compensation; or

25 (b) one-third of the median of the average final compensation for members retired during the preceding  
26 fiscal year as determined by the retirement board.

27 (3) On July 1 of each year following the member's retirement effective date, the maximum earning  
28 amount allowed under subsection (2)(a) is increased by an amount equal to the consumer price index increase  
29 for urban wage earners compiled by the bureau of labor statistics of the United States department of labor or  
30 its successor agency in the preceding year.

1 (4) (a) Except as provided in subsection (5), the retirement benefit of a retired member employed in a  
2 full-time position or earning more than allowed by subsection (2) must be canceled beginning in the month in  
3 which the retired member returns to full-time employment or earns more than allowed.

4 (b) The retirement benefits of a retired member who was employed in a full-time position or who  
5 exceeded the amount that the retired member was eligible to earn under subsection (2) and who was  
6 reemployed for less than 1 year must, upon termination of employment, be reinstated beginning in the later of  
7 either the month following termination or July 1 of the school year following the date on which the retired member  
8 was reemployed. The reinstated retirement benefit is the amount that the retired member would have been  
9 entitled to receive had the retired member not returned to employment.

10 (c) Upon retirement after cancellation of a retired member's benefit pursuant to subsection (4)(a), a  
11 retired member who is reemployed as an active member for a minimum of 1 year of full-time service must  
12 receive a recalculated benefit. The recalculated benefit is based on the service credit accumulated at the time  
13 of the member's previous retirement plus any service credit accumulated subsequent to reemployment.

14 (d) A retired member elected to the office of county superintendent or appointed to complete the term  
15 of an elected county superintendent and who elects, pursuant to 19-20-302(2), to not become an active member  
16 is exempt from the employment and earnings limits specified in subsection (2).

17 (5) If an early-retired member under 19-20-802 is reemployed with the same employer within 30 days  
18 from the member's effective date of retirement or if the early-retired member is guaranteed reemployment with  
19 the same employer, the member must be considered to have continued in the status of an active member and  
20 not to have separated from service. Any retirement allowance payments received by the member must be repaid  
21 to the system, together with interest, at the actuarially assumed rate, and the retirement allowance must be  
22 terminated."

23 - END -